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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Public Health Service Act to provide for a Patient and State
Stability Fund.

IN THE HOUSE OF REPRESENTATIVES

Mr. COSTELLO introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Public Health Service Act to provide for
a Patient and State Stability Fund.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Premium Relief Act
5 of 2017”.

6 **SEC. 2. PATIENT AND STATE STABILITY.**

7 (a) PATIENT AND STATE STABILITY FUND.—The
8 Public Health Service Act (42 U.S.C. 201 et seq.) is
9 amended by adding at the end the following new title:

1 **“TITLE XXXIV—PATIENT AND**
2 **STATE STABILITY FUND**

3 **“SEC. 3401. ESTABLISHMENT OF PROGRAM.**

4 “There is hereby established the ‘Patient and State
5 Stability Fund’ to be administered by the Secretary, act-
6 ing through the Administrator of the Centers for Medicare
7 & Medicaid Services (in this title referred to as the ‘Ad-
8 ministrator’), to provide health benefits coverage funding,
9 in accordance with this title, to the 50 States and the Dis-
10 trict of Columbia (each referred to in this section as a
11 ‘State’) during the period, subject to section 3404(c), be-
12 ginning on January 1, 2019, and ending on December 31,
13 2021, for the purposes described in section 3402.

14 **“SEC. 3402. USE OF FUNDS.**

15 “A State may use the funds allocated to the State
16 under this title for any of the following purposes:

17 “(1) Helping, through the provision of financial
18 assistance, high-risk individuals who do not have ac-
19 cess to health insurance coverage offered through an
20 employer enroll in health insurance coverage in the
21 individual market in the State, as such market is de-
22 fined by the State (whether through the establish-
23 ment of a new mechanism or maintenance of an ex-
24 isting mechanism for such purpose).

1 “(2) Providing incentives to appropriate entities
2 to enter into arrangements with the State to help
3 stabilize premiums for health insurance coverage in
4 the individual market, as such markets are defined
5 by the State.

6 “(3) Reducing the cost for providing health in-
7 surance coverage in the individual market and small
8 group market, as such markets are defined by the
9 State, to individuals who have, or are projected to
10 have, a high rate of utilization of health services (as
11 measured by cost) and to individuals who have high
12 costs of health insurance coverage due to the low
13 density population of the State in which they reside.

14 “(4) Promoting participation in the individual
15 market and small group market in the State and in-
16 creasing health insurance options available through
17 such market.

18 “(5) Promoting access to preventive services;
19 dental care services (whether preventive or medically
20 necessary); vision care services (whether preventive
21 or medically necessary); or any combination of such
22 services.

23 “(6) Maternity coverage and newborn care.

1 “(7) Prevention, treatment, or recovery support
2 services for individuals with mental or substance use
3 disorders, focused on either or both of the following:

4 “(A) Direct inpatient or outpatient clinical
5 care for treatment of addiction and mental ill-
6 ness.

7 “(B) Early identification and intervention
8 for children and young adults with serious men-
9 tal illness.

10 “(8) Providing payments, directly or indirectly,
11 to health care providers for the provision of such
12 health care services as are specified by the Adminis-
13 trator.

14 “(9) Providing assistance to reduce out-of-pock-
15 et costs, such as copayments, coinsurance, pre-
16 miums, and deductibles, of individuals enrolled in
17 health insurance coverage in the State.

18 **“SEC. 3403. STATE ELIGIBILITY AND APPROVAL; DEFAULT**
19 **SAFEGUARD.**

20 “(a) ENCOURAGING STATE OPTIONS FOR ALLOCA-
21 TIONS.—

22 “(1) IN GENERAL.—To be eligible for an alloca-
23 tion of funds under this title for a year during the
24 period described in section 3401 for use for one or
25 more purposes described in section 3402, a State

1 shall submit to the Administrator an application at
2 such time (but not later than March 31 of the pre-
3 vious year) and in such form and manner as speci-
4 fied by the Administrator and containing—

5 “(A) a description of how the funds will be
6 used for such purposes; and

7 “(B) such other information as the Admin-
8 istrator may require.

9 “(2) AUTOMATIC APPROVAL.—An application so
10 submitted is approved unless the Administrator noti-
11 fies the State submitting the application, not later
12 than 60 days after the date of the submission of
13 such application, that the application has been de-
14 nied for not being in compliance with any require-
15 ment of this title and of the reason for such denial.

16 “(3) ONE-TIME APPLICATION.—If an applica-
17 tion of a State is approved for a year, with respect
18 to a purpose described in section 3402, such applica-
19 tion shall be treated as approved, with respect to
20 such purpose, for each subsequent year through
21 2021.

22 “(b) DEFAULT FEDERAL SAFEGUARD.—

23 “(1) IN GENERAL.—In the case of a State that
24 does not have in effect an approved application
25 under this section for 2019, 2020, or 2021, the Ad-

1 administrator, in consultation with the State insurance
2 commissioner, shall use the allocation that would
3 otherwise be provided to the State under this title
4 for such year, in accordance with paragraph (2), for
5 such State.

6 “(2) REQUIRED USE FOR MARKET STABILIZA-
7 TION PAYMENTS TO ISSUERS.—Subject to section
8 3404(a), an allocation for a State made pursuant to
9 paragraph (1) for a year shall be used to carry out
10 the purpose described in section 3402(2) in such
11 State by providing payments to appropriate entities
12 described in such section with respect to claims that
13 exceed \$50,000 (or, with respect to allocations made
14 under this title for 2020 or a subsequent year dur-
15 ing the period specified in section 3401, such dollar
16 amount specified by the Administrator), but do not
17 exceed \$350,000 (or, with respect to allocations
18 made under this title for 2020 or a subsequent year
19 during such period, such dollar amount specified by
20 the Administrator), in an amount equal to 75 per-
21 cent (or, with respect to allocations made under this
22 title for 2020 or a subsequent year during such pe-
23 riod, such percentage specified by the Administrator)
24 of the amount of such claims.

1 **“SEC. 3404. ALLOCATIONS.**

2 “(a) APPROPRIATION.—For the purpose of providing
3 allocations for States (including pursuant to section
4 3403(b)) under this title there is appropriated, out of any
5 money in the Treasury not otherwise appropriated—

6 “(1) for 2019, \$10,000,000,000;

7 “(2) for 2020, \$10,000,000,000; and

8 “(3) for 2021, \$10,000,000,000.

9 “(b) ALLOCATIONS.—

10 “(1) PAYMENT.—From amounts appropriated
11 under subsection (a) for a year (beginning with
12 2019 and ending with 2021), the Administrator
13 shall, with respect to a State and not later than
14 January 1 of such year, allocate for such State (in-
15 cluding pursuant to section 3403(b)) the amount de-
16 termined for such State and year under paragraph
17 (2).

18 “(2) ALLOCATION AMOUNT DETERMINA-
19 TIONS.—For purposes of paragraph (1), the amount
20 determined under this paragraph for a year for a
21 State is an amount determined in accordance with
22 an allocation methodology specified by the Adminis-
23 trator.

24 “(c) ANNUAL DISTRIBUTION OF PREVIOUS YEAR’S
25 REMAINING FUNDS.— In carrying out subsection (b), the
26 Administrator shall, with respect to a year (beginning with

1 2020 and ending with 2022), not later than March 31 of
2 such year—

3 “(1) determine the amount of funds, if any,
4 from the amounts appropriated under subsection (a)
5 for the previous year but not allocated for such pre-
6 vious year; and

7 “(2) if the Administrator determines that any
8 funds were not so allocated for such previous year,
9 allocate such remaining funds, in accordance with
10 the allocation methodology specified pursuant to
11 subsection (b)(2)—

12 “(A) to States that have submitted an ap-
13 plication approved under section 3403(a) for
14 such previous year for any purpose for which
15 such an application was approved; and

16 “(B) for States for which allocations were
17 made pursuant to section 3403(b) for such pre-
18 vious year, to be used by the Administrator for
19 such States, to carry out the purpose described
20 in section 3402(2) in such State by providing
21 payments to appropriate entities described in
22 such section 3402(2) with respect to claims that
23 exceed \$1,000,000;

1 with, respect to a year before 2022, any remaining
2 funds being made available for allocations to States
3 for the subsequent year.

4 “(d) AVAILABILITY.—Amounts appropriated under
5 subsection (a) for a year and allocated to States in accord-
6 ance with this section shall remain available for expendi-
7 ture through December 31, 2022.

8 “(e) LIMITATION.—Amounts appropriated under
9 subsection (a) for a year (beginning with 2019 and ending
10 with 2021) are subject to the requirements and limitations
11 under sections 506 and 507 of division H of Public Law
12 115–31 in the same manner and to the same extent as
13 if such amounts for such year were appropriated under
14 such division.”.

15 (b) COST-SHARING REDUCTION PAYMENTS.—Section
16 1402 of the Patient Protection and Affordable Care Act
17 (42 U.S.C. 18071) is amended by adding at the end the
18 following new subsection:

19 “(g) FUNDING.—

20 “(1) APPROPRIATIONS.—There is appropriated,
21 from any money in the Treasury not otherwise ap-
22 propriated, such sums as may be necessary to, sub-
23 ject to paragraph (2), provide health benefits cov-
24 erage through payment to issuers (under this section
25 or through advance payment by the Secretary of the

1 Treasury under section 1412(c)(3)) of the amounts
2 computed under this section for the last quarter of
3 plan year 2017 and each of plan years 2019 and
4 2020.

5 “(2) ADJUSTMENTS.—Notwithstanding any
6 other provision of law, payments and other actions
7 for adjustments to obligations incurred prior to De-
8 cember 31, 2020, may be made through December
9 31, 2021.

10 “(3) LIMITATION.—Amounts appropriated
11 under paragraph (1) for the last quarter of plan
12 year 2017 and each of plan years 2019 and 2020
13 are subject to the requirements and limitations
14 under sections 506 and 507 of division H of Public
15 Law 115–31 in the same manner and to the same
16 extent as if such amounts for such quarter and each
17 such year were appropriated under such division.”.